



# Payments and Refunds

## Presented by AF UBO Program Analyst

Dates and Times:

**26 February 2013 0800-0900 EDT**  
**28 February 2013 1400-1500 EDT**

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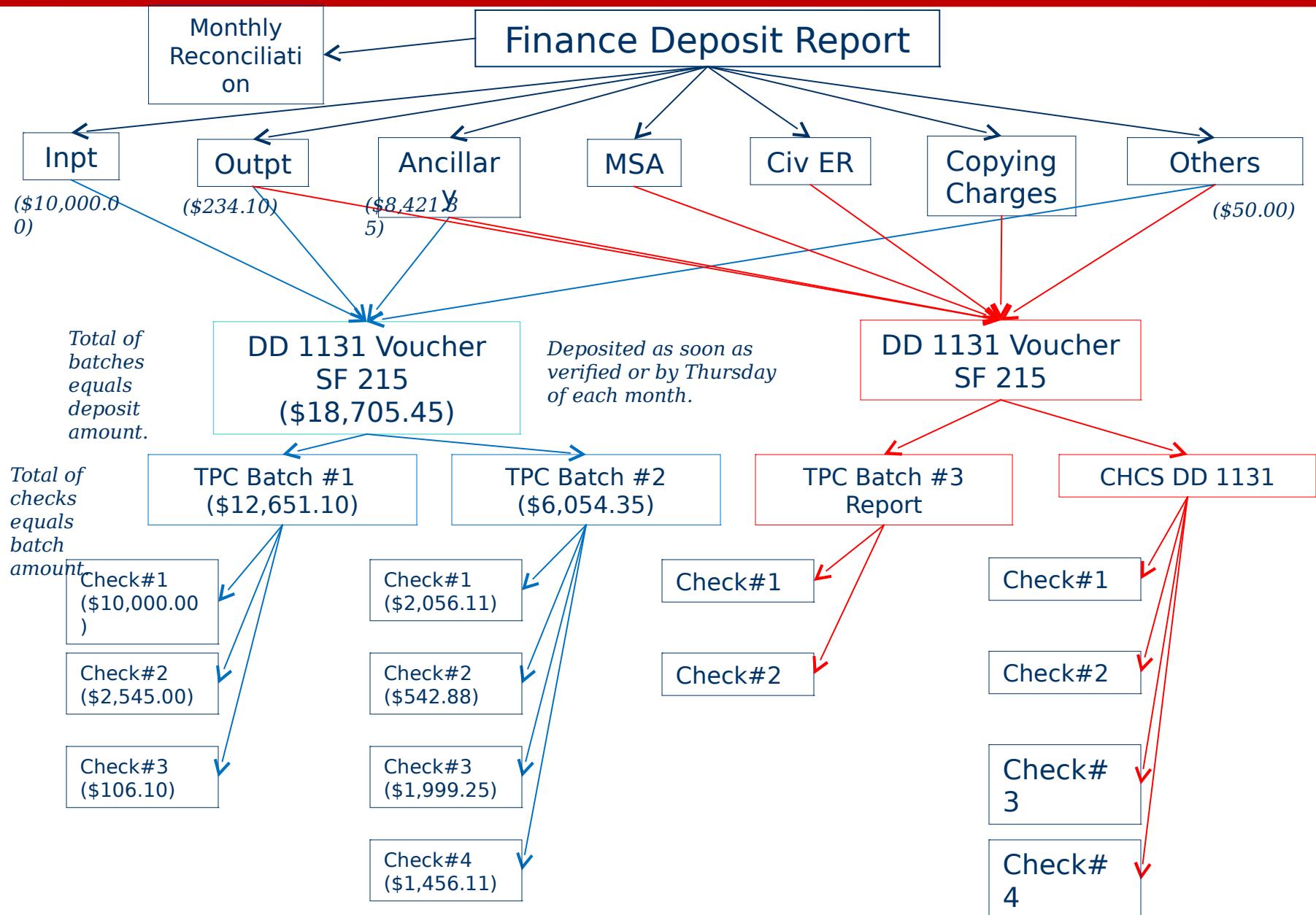
- Importance of tracking payments
- Why a payment should be refunded
- How to handle a refund request
- How to process different types of refunds



# Why Payments Must Have An Audit Trail

- Becoming A-123 Audit Compliant requires an audit trail on every payment received
- Must have the ability to track dollars from posting to financial reporting
- Must also track amounts refunded
- Documentation of all actions taken should be available for audit

# Tracing a Deposit Backwards





# Required Deposit Documentation

- Retain copies of checks and EOBS
- Retain deposit reconciliation (balancing amounts on deposit voucher - checks and cash - amounts posted or to be refunded)
- Retain certified or approved copies of the DD 1131 and the SF 215 (paper or OTC Net version)
- Retain proof of reconciliation of amounts deposited to amounts posted in Finance system
- Retain all documents (including refunds) for 6 years 3 months



# Why a Payment Should Be Refunded

- A single payment on a separate check is received; unidentifiable patient - not treated in our MTF
- One or more payments on a large EOB that do not belong to the MTF or cannot be posted
- Payment received exceeds the claim amount billed less deductibles or copayments
- Payment received from Rx/medical carrier after another payment was already posted to the claim
- Refund request received from insurance company due to cancelled coverage or overpayment



## TPC: Single Payment (single beneficiary/EOB)

- Make certain the payment does not belong to your MTF
- Create a letter addressed to the insurance company as soon as possible explaining the reason for the refund
- Scan and file a copy of the letter, the check, and the EOB
- Send all originals to the insurance company as soon as possible so they can pay the correct facility
- Sending the original documents back allows you to save the cost of processing a refund through DFAS
- Enter the refund in a spreadsheet to track and verify the refund was processed by DFAS
- If your Service requires you to deposit then refund the payment, follow guidelines on the next page



## (one or more payments to be refunded on large

- Again, make sure the payment does not belong to you
- Create a letter addressed to the insurance company as soon as possible explaining the reason for the refund(s)
- Create an SF 1034 or SF 1049 for each patient payment to be refunded (recommended)
- Send the original of the letter and a copy of the check and EOB to the insurance company as soon as possible so they do not process a “take back”
- Send the original SF 1034 or SF 1049, a copy of the letter to the insurance company, and copies of the check and EOB to DFAS for processing
- Scan/file a copy of all documents for your records
- Enter the refund in a spreadsheet to track and verify the refund was processed by DFAS



## TPC: Payment Exceeds Amount Billed

- First call the insurance company to advise of the overpayment
- Verify with them what the correct copays, deductibles, and payment amounts should be and agree on refund amount
- Create a letter to the insurance company referencing your phone call and the action taken
- Send the original letter and copy of the check and EOB to the insurance company as soon as possible so they do not process a “take back”
- Create an SF 1034 or SF 1049 for the refund amount, send with a copy of the letter, check, and EOB to DFAS
- Scan/file a copy of all documents
- Track refund on a spreadsheet



# TPC: Refund – Payment From Wrong Carrier

- Because the erroneous payment was already posted in TPOCS, it will first need to be refunded using the REF transaction code
- Post the correct payment from the correct check
- Find a copy of the original check, EOB, and deposit voucher for the incorrect payment
- Create and send a letter to first payer along with a copy of the first check and EOB as soon as possible so they do not process a “take back”
- Process refund through DFAS as previously described
- Scan/file a copy of all documents
- Track refund



# TPC: Refund Request From Payer

- Because HR managers only send updates on insurance coverage once a quarter, insurance companies often make payments that later need to be refunded due to cancelled or changed coverage
- Children age out of coverage or get married
- Spouses are no longer covered due to divorce
- Care not covered on the beneficiary's policy was billed and paid in error
- When a refund request letter is received, call the insurance company to verify the cancellation date
- Verify payment was received/posted in CHCS or TPOCS



## TPC: Refund Request From Payer (cont.)

- In TPOCS, process a REF transaction for the payment
- Process refunds and write off all claims for care provided after the cancellation date of the policy
- Remove all unbilled claims for this patient from Select Bills in TPOCS (if coverage is cancelled)
- For inpatient claims in CHCS, at the Insurance Policy Claim Summary screen, select 5 – Produce Insurance Refund, type NEW, then enter the amount of the refund. The system will print an SF 1049 (manually create an SF 1034, if needed)
- Write off any other unpaid inpatient claims to W09
- Enter the verified cancellation date in the PII screen in CHCS so no future claims bill



## TPC: Refund Request From Payer (cont.)

- Create a letter to the insurance company
- Send the original of the letter, a copy of the refund request letter, a copy of the check and EOB to the insurance company as soon as possible so they do not process a “take back”
- Create an SF 1049 or SF 1034 (inpatient and outpatient)
- Send the original SF 1049 or SF 1034 and copies of the letter to the insurance company, refund request letter, check, and EOB to DFAS to process the refund
- Scan/file a copy of all documents
- Track the refund



# MSA: Civilian Emergency Insurance Refunds

- You cannot generate a refund in CHCS on a Civilian Emergency bill, you must do a “reverse post”
- When a refund is requested from an insurance company, find the payment check, EOB, and deposit voucher and verify the refund is warranted
- At a time when no one else will be posting payments in CHCS, verify then finalize and print your DD 1131 (this voucher must be processed through the bank and Finance). Open the MSA account and enter a negative of the payment posted or the amount of the refund request,
- The balance due should change
- Add a message to explain the action taken



# MSA: Civilian Emergency Insurance Refunds (cont.)

- Verify the amount reverse-posted was correct then finalize your DD 1131 containing only the reverse-posting (this will NOT go to the bank or Finance but will be filed with your refund docs)
- Create your letter and SF 1049 or SF 1034 and process as previously described
- Send the letter and other documents to the insurance company as soon as possible so it does not process a “take back”
- Send an updated bill to patient with a letter explaining the actions taken
- Scan and store all documents



# MSA: Civilian Emergency Patient Refunds

- If the patient paid first and the insurance company paid more than the remaining amount due, verify the amounts paid by each was correct
- If the patient overpaid and has other open bills, review these bills to ensure the patient has paid his/her portion on each
  - If service guidelines authorize, the patient's overpayment amount can be reverse-posted then posted to another open bill for which he/she owes
  - Send a letter and copies of both bills and insurance EOBS to the patient to explain the action taken
- If there are no other bills with amounts due from the patient, post the full insurance payment. This will create an overpayment and generate a notify message which, when cleared, will generate an SF 1049 to the patient



## TPC and MSA: Additional Refund Rules

- SF 1049s produced by CHCS will always be addressed to the patient with the appropriation for the date of service. Create a manual SF 1049 or SF 1034 to correct each
- Refunds are always processed from the appropriation where the funds were deposited per DoD 7000.14, DoD Financial Management Regulations
- Payments posted in FY11 will be refunded from FY11 dollars
  - First check with your Budget Analyst to ensure funds are available in the correct appropriation
  - You must wait until funds are available to process the refund
- For refunds with unique circumstances, always contact your service representative for guidance



# TPC and MSA: Monthly Duties

- Check your finance system to find refunds that have been processed by DFAS
- Note when payments are processed on your refund spreadsheet
- Query DFAS on unpaid refund requests, don't let them get too old
- Send another copy of all documents if DFAS asks for them
- The refund process is completed when documents have been created and sent to DFAS for processing

- Be able to track all funds collected from the billing program to the finance system
- Verify the reason given for the refund is correct
- Know how to process each type of refund
- Process all refunds either throughout the month or at the end of each month
- Verify refund was processed by DFAS

- Questions?



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